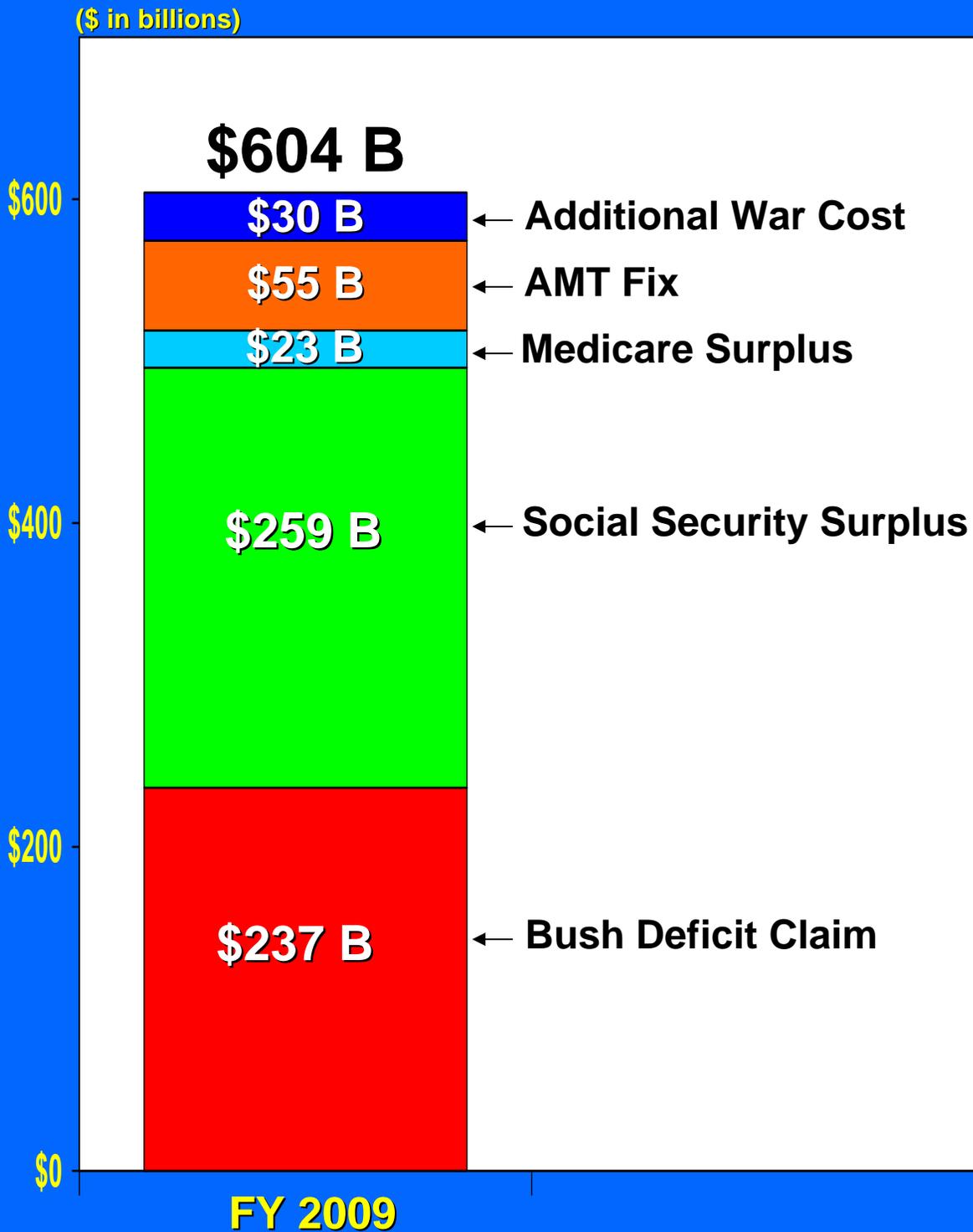


# **Bush Administration Claims on Deficit Have Been Consistently Wrong**

<b>2001</b>	<b>“[W]e can proceed with tax relief without fear of budget deficits...”</b>	<b>Wrong</b>
<b>2002</b>	<b>“[O]ur budget will run a deficit that will be small and short-term...”</b>	<b>Wrong</b>
<b>2003</b>	<b>“Our current deficit...is not large by historical standards and is manageable...”</b>	<b>Wrong</b>
<b>2004</b>	<b>“[T]he deficit will be cut in half over the next five years...”</b>	<b>Wrong Again?</b>

# Bush Claim That He Will Cut Deficit in Half by 2009 is Not Credible

2009 Operating Deficit Likely to be Far Larger Than \$237 B



Source: OMB, CBO  
Note: Includes interest

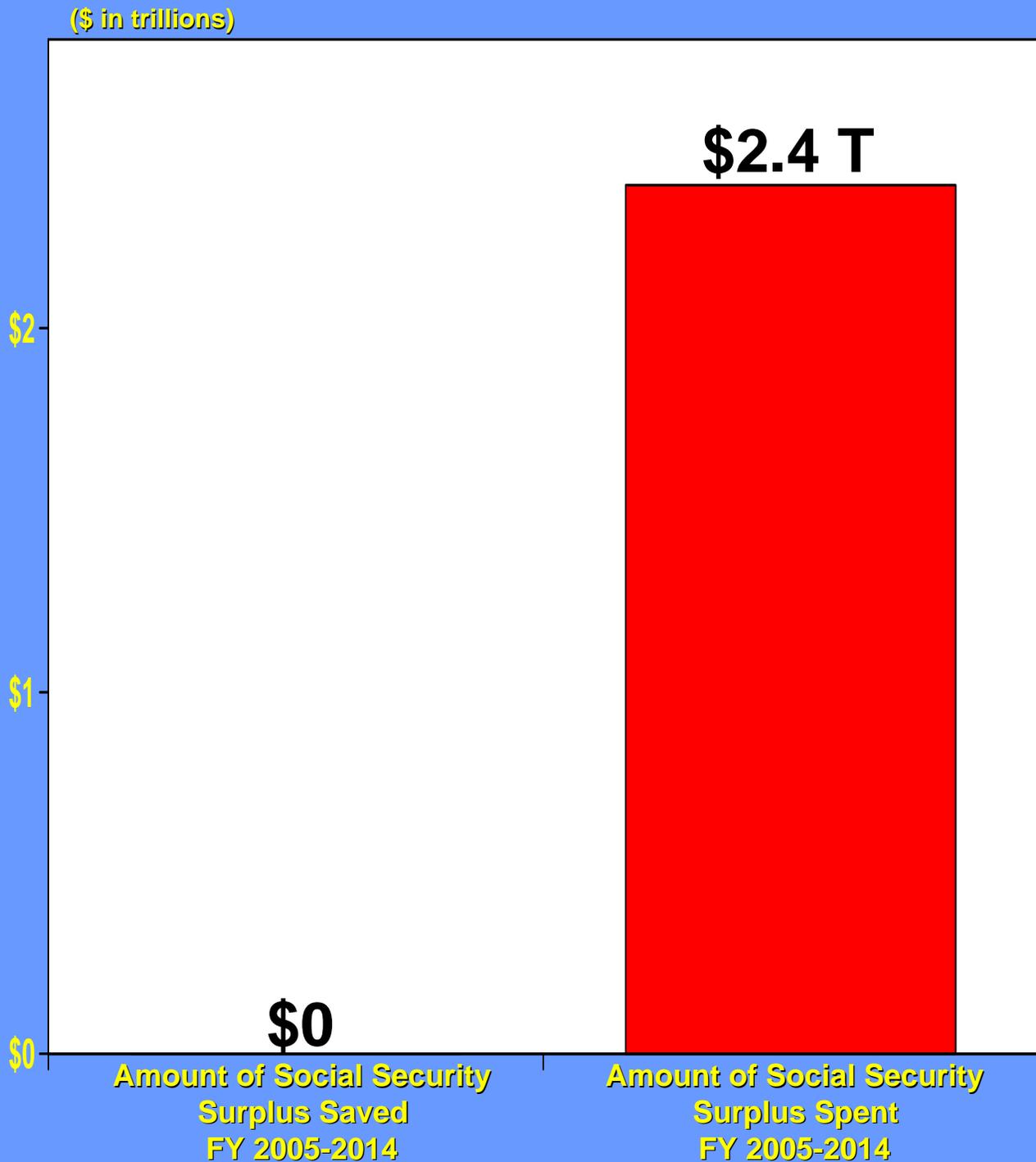
# Gross Debt Increases by \$633 Billion in FY 2009

Function	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
<b>Debt Subject to Statutory Limitation, End of Year:</b>							
Debt issued by Treasury .....	6,733	7,459	8,106	8,700	9,292	9,906	10,540
Adjustment for discount, premium and coverage .....	5	5	5	5	5	5	5
Total, debt subject to statutory limitation .....	6,738	7,464	8,111	8,705	9,297	9,911	10,545
<b>Debt Outstanding, End of Year:</b>							
Gross Federal debt: <sup>6</sup>							
Debt issued by Treasury .....	6,733	7,459	8,106	8,700	9,292	9,906	10,540
Debt issued by other agencies .....	27	27	26	26	26	25	24
Total, gross Federal debt .....	6,760	7,486	8,133	8,726	9,318	9,931	10,564
Held by:							
Debt held by Government accounts .....	2,846	3,066	3,341	3,652	3,985	4,342	4,720
Debt held by the public <sup>7</sup> .....	3,914	4,421	4,792	5,074	5,333	5,589	5,844
As a percent of GDP .....	36.1%	38.6%	39.8%	40.1%	40.2%	40.0%	39.8%

Source: President's Budget for FY 2005, Table S-17, p. 392.

# Bush Budget Hides the Full Story

## Every Penny of Social Security Surplus Spent

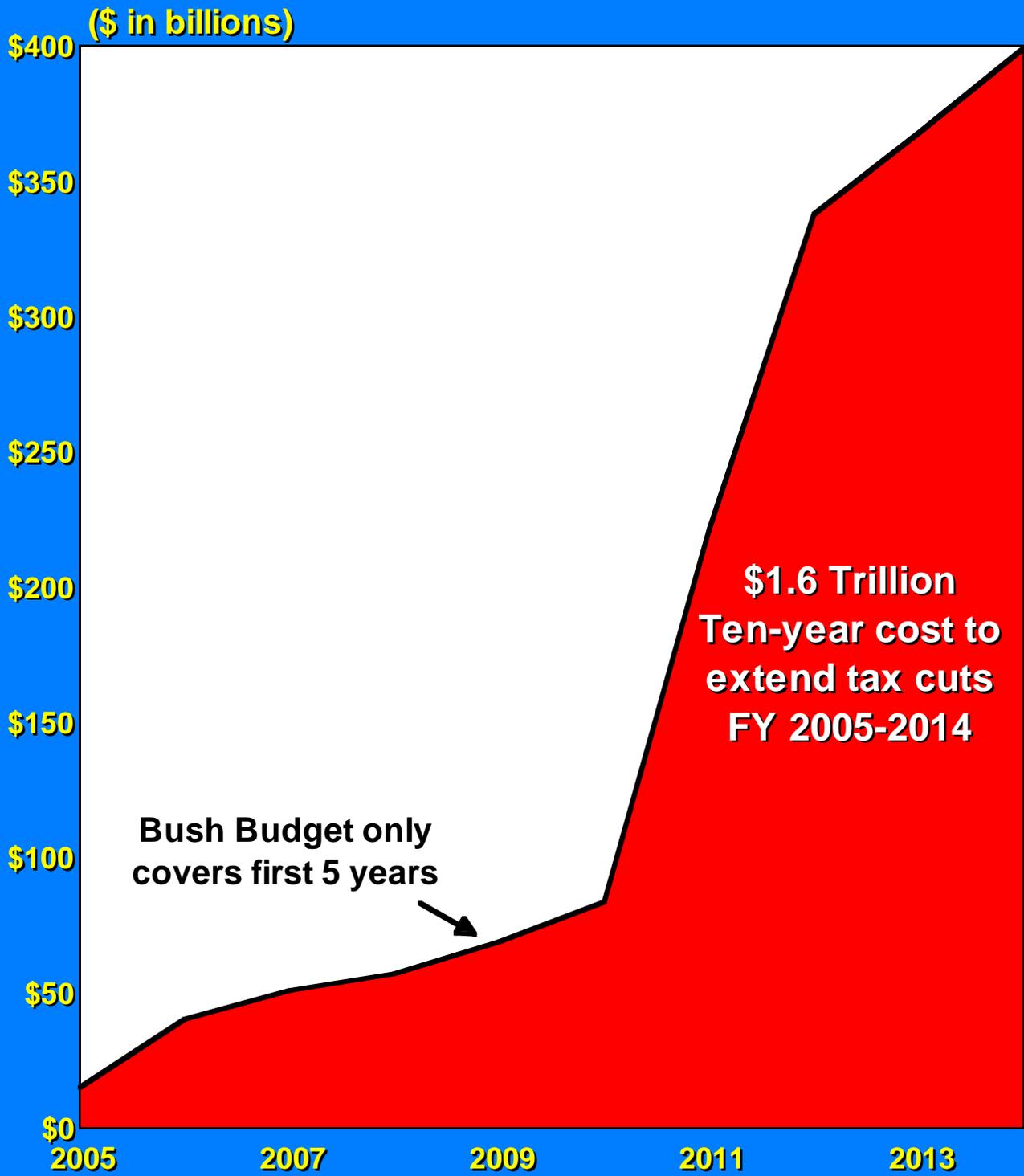


Source: CBO

Note: Amount of Social Security surplus spent on tax cuts and other things, instead of saved to prepare for retirement of baby boom generation.

# Bush Budget Hides the Full Story

## Cost of Extending Tax Cuts Explodes Outside Five-Year Budget Window



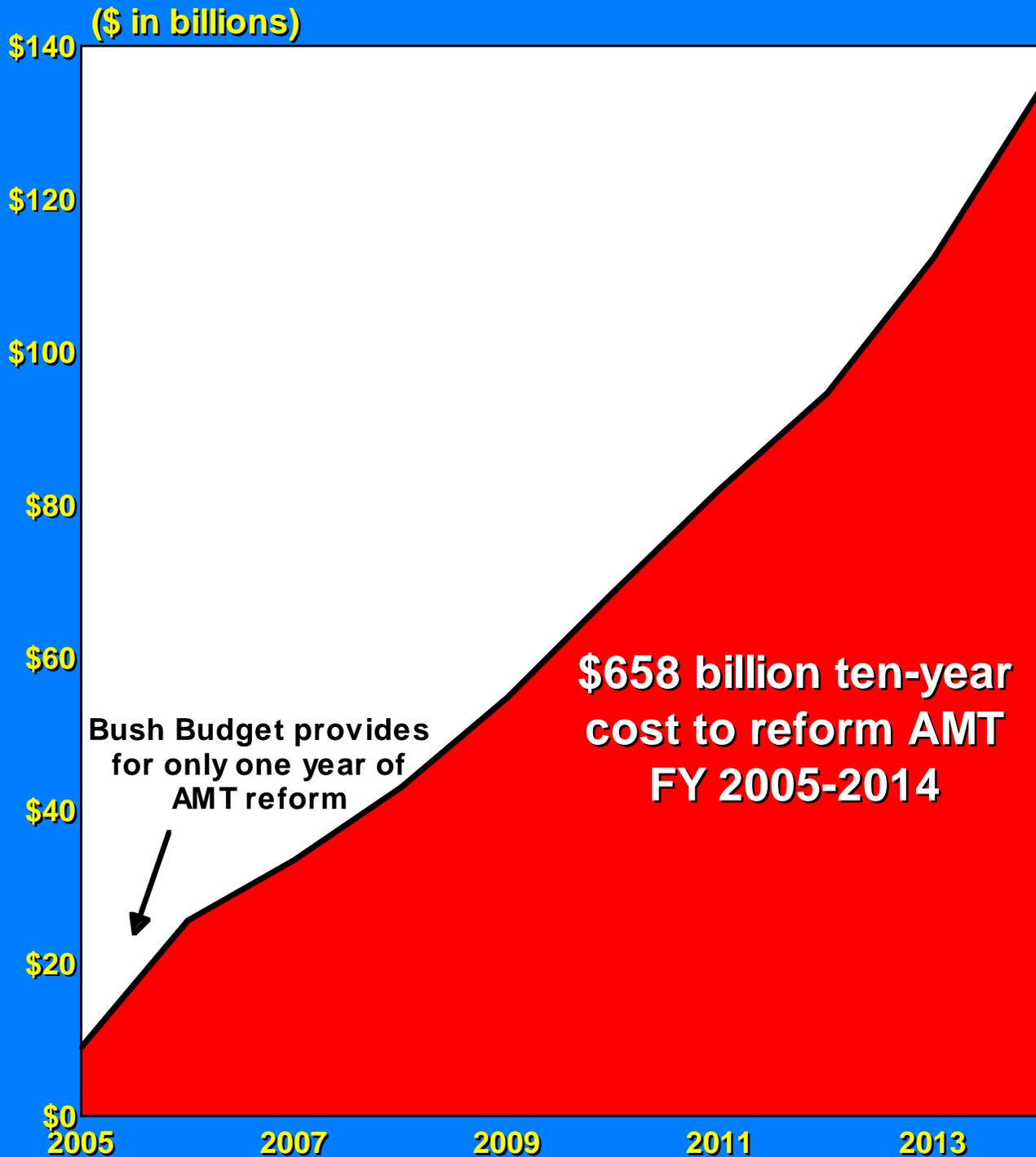
Source: CBO

Note: Includes interest cost

# Bush Budget Hides the Full Story

## Cost of AMT Reform Explodes

### Outside Five-Year Budget Window

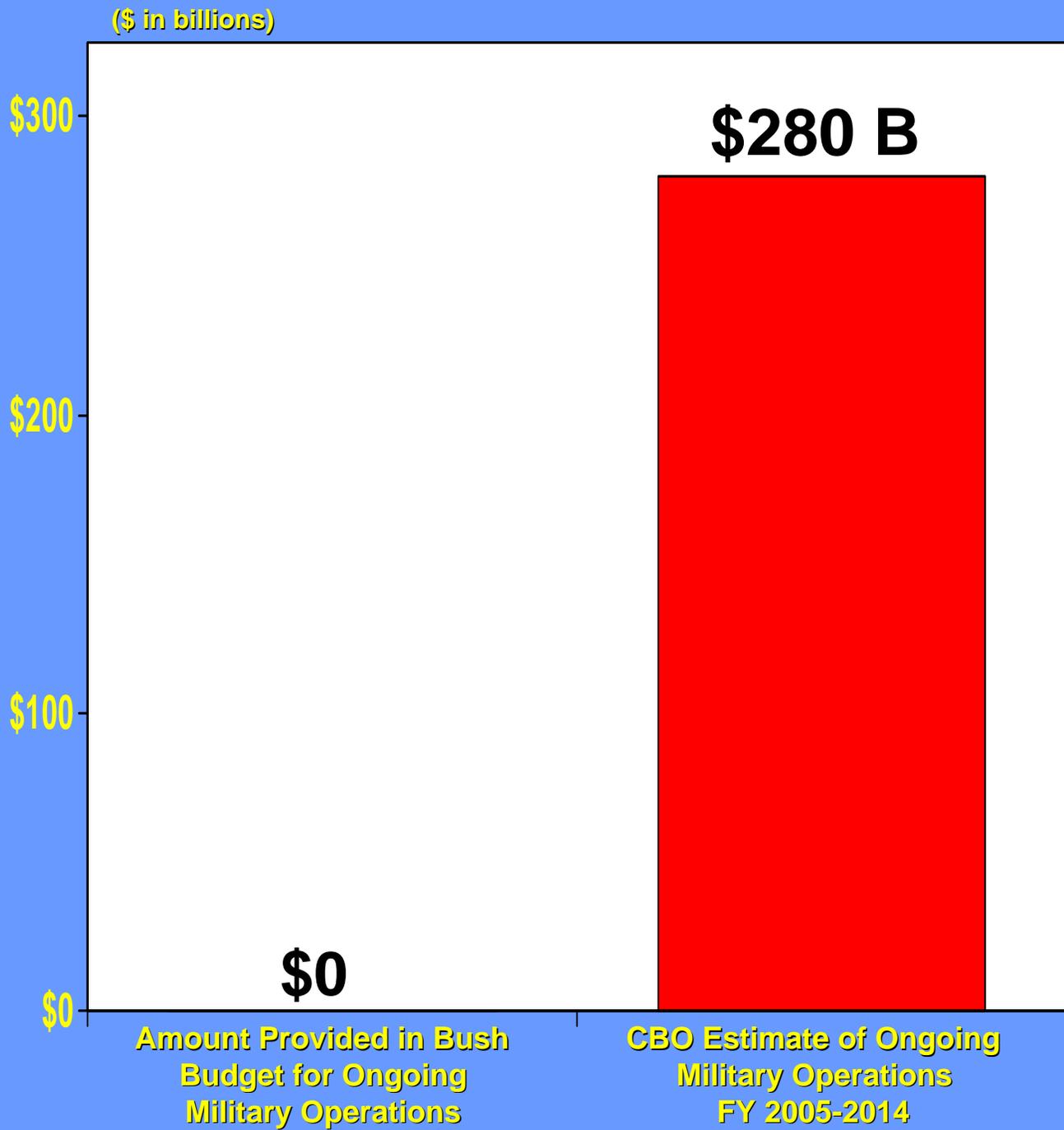


Source: CBO

Note: Cost to reform AMT if tax cuts are made permanent, including interest.

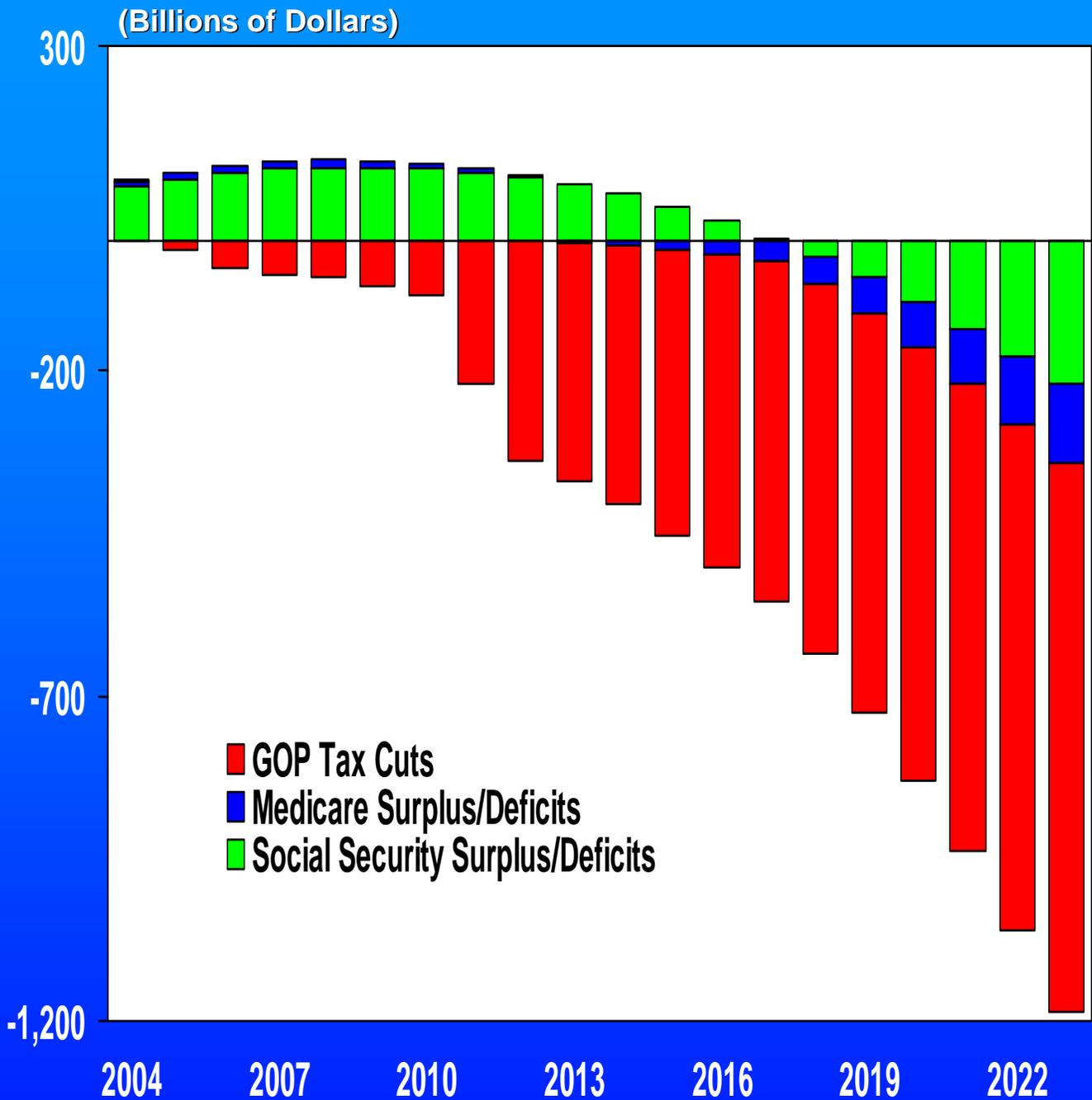
# Bush Budget Hides the Full Story

No New Funding Provided for Ongoing Operations in Iraq, Afghanistan, and Continuing War on Terror



Source: CBO Report, July 2003, "The Long-Term Implications of Current Defense Plans"

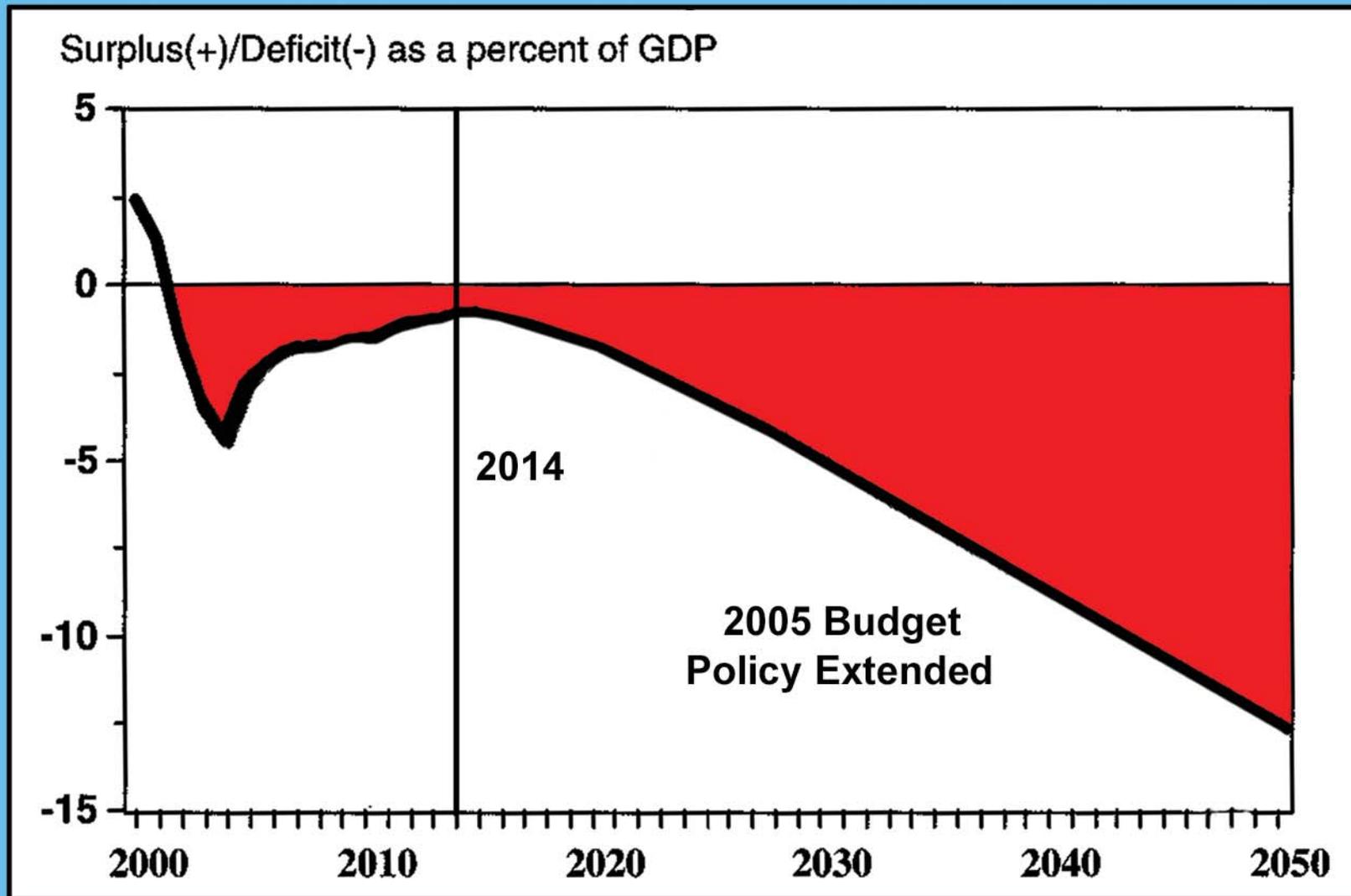
# Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2004-2023



Note: Tax cut includes associated interest costs.

Source: 2003 Trustees Report, CBO, and Senate Budget Committee Staff

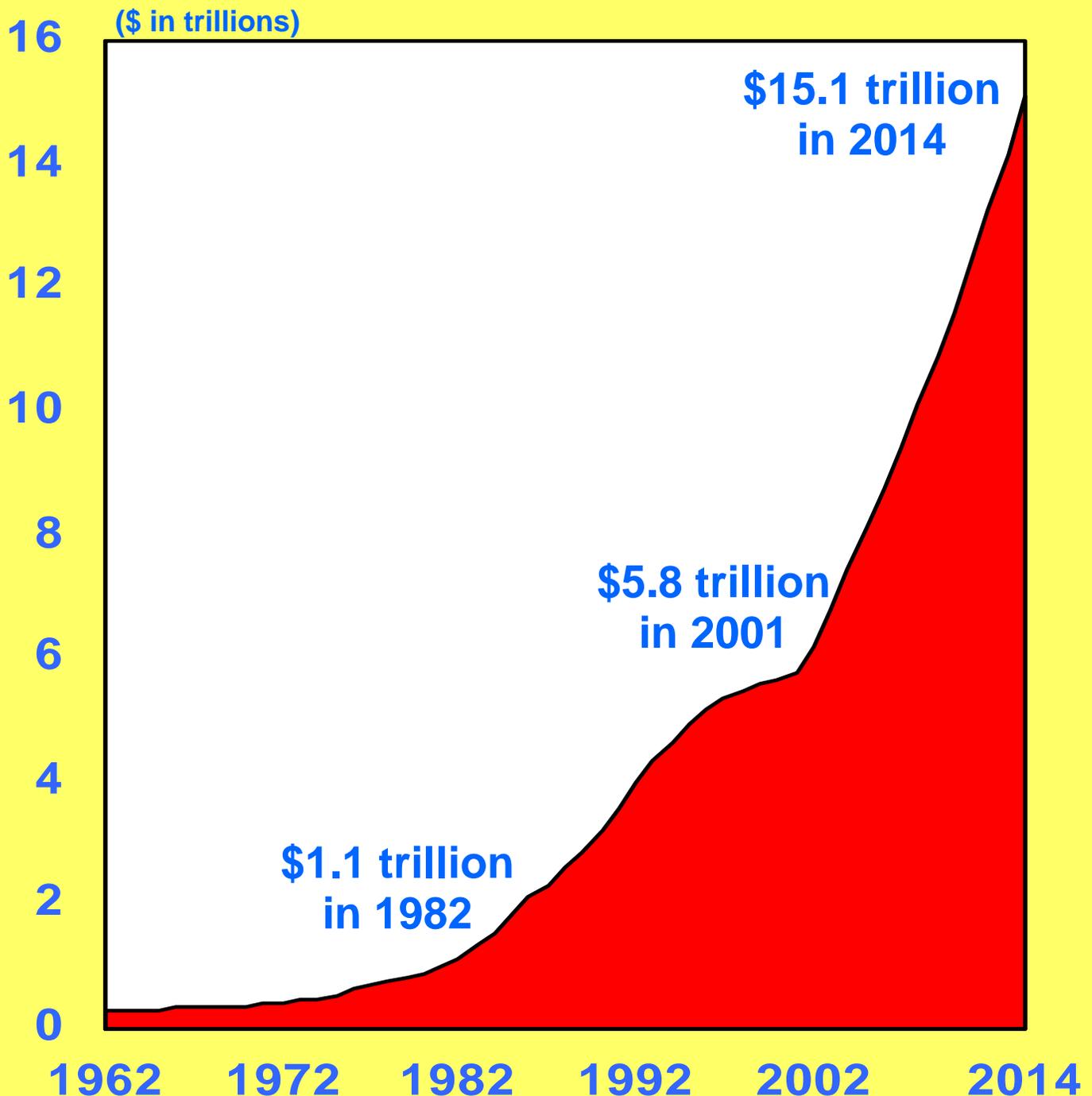
# The Next Ten Years: The Budget “Sweet” Spot



Source: President's Budget for FY 2005, Analytical Perspectives, pg. 194

# Gross Federal Debt

Assuming Extension of GOP Tax Cuts, AMT Reform, and Bush Defense Policies

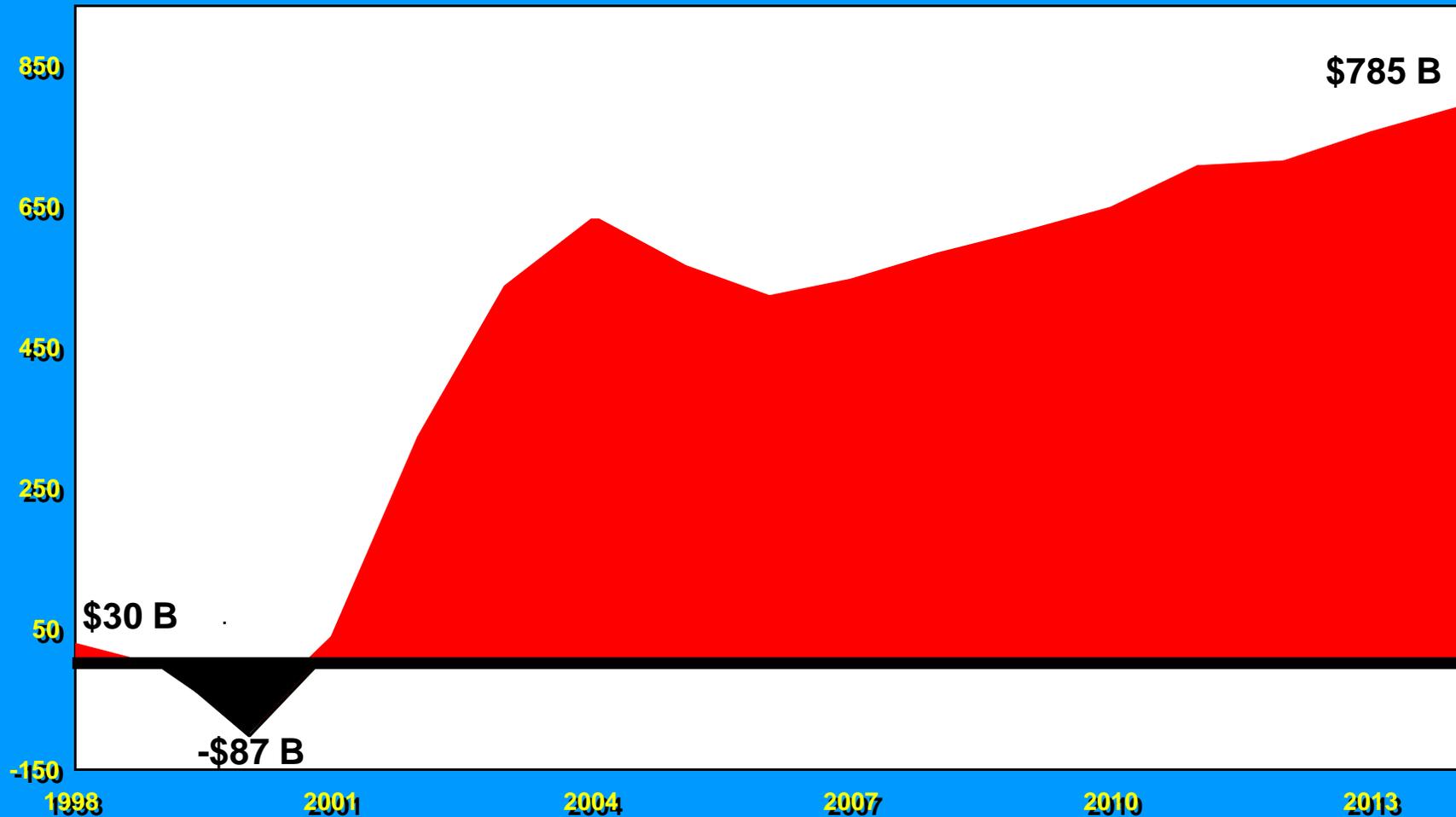


Source: OMB, CBO, Senate Budget Committee

Note: CBO January 2004 baseline plus the extension of the GOP tax cuts (EGTRRA/JGTRRA), other expiring tax provisions (except bonus depreciation), AMT reform, the President's defense request, and estimates of new funding required to maintain ongoing military operations and war on terror. Discretionary totals treat \$87 billion supplemental as a one-time expenditure.

# Deficits Skyrocket with Extension of GOP Tax Cuts, AMT Reform, and Bush Defense Policies

(Deficit excluding Social Security in billions of \$)



Source: CBO, SBC

Note: CBO January 2004 baseline plus extension of GOP tax cuts (EGTRRA/JGTRRA), other expiring tax provisions (except bonus depreciation), AMT reform, President's defense request, and estimates of new funding required to maintain ongoing military operations and war on terror. Discretionary totals treat \$87 billion supplemental as one-time expenditure.